

PENSION NEWS



Ontario Teachers' Pension Plan Board
Conseil du régime de retraite des enseignantes et des enseignants

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Gerald Bouey Leads New Board

Former governor of the Bank of Canada, Gerald Bouey, is the first chairperson of the eight-member Ontario Teachers' Pension Plan Board.

Mr. Bouey's appointment places him at the head of a distinguished new board of financial and educational professionals.

Mr. Bouey's considerable financial investment expertise and experience will be an important asset to the pension board's new responsibility of managing the investment of the pension fund. As of 1 January 1990, fund assets can be invested in market securities to yield a more profitable return.

Along with his 14-year term as governor of the Bank of Canada, Mr. Bouey's previous accomplishments include Director of the Canada Deposit Insurance Corporation, Director of the Export Development Corporation and Director of the Federal Business Development Bank. In 1987, Mr. Bouey was awarded the Companion of the Order of Canada.

Also nominated by the Ministry of Education to sit on the pension board are John H. C. Clarry, Gail Cook-Bennett, Duncan Green and C. E. (Ted) Medland. The three members nominated by the Ontario Teachers' Federation are Doug McAndless, Lynne Sullivan and Margaret Wilson.

Mr. Bouey, currently an economic consultant, says he is pleased with the appointments: "This is an exciting time for the board. I am looking forward to working with such a distinguished group of individuals to carry out our mandate."



Pension Plan Board Replaces Commission

Along with changing the name to the Ontario Teachers' Pension Plan Board, formerly the Teachers' Superannuation Commission, there are several new developments to your pension plan.

The board is now composed of eight members rather than 10 commissioners. Five members of the board are nominated by the Minister of Education and three by the Ontario Teachers' Federation.

There is now a single pension fund, combining the Teachers' Superannuation Fund and the Superannuation Adjustment Fund, with approximately \$17 billion in assets. The combination of these two funds will consolidate fund assets to help reduce any liability. To cover existing liabilities, currently estimated at \$4 billion, the Ontario government will make special payments into the fund over the next 40 years. Further support for the fund comes from a one per cent increase in active members' and government/employers' contributions.

Perhaps the most significant change is the board's new authority to invest assets in market securities, instead of exclusively in Ontario government debentures. This allows us to invest the fund into a more profitable portfolio of secure market investments.

We have already put this plan into action with the purchase of approximately \$1 billion of short-term investments earning over 12 per cent interest. In 1990, up to \$2 billion will be placed into investments such as treasury bills or bankers' acceptances. More funds will be invested as government debentures mature over the next 20 years. With board approval, greater diversification into long-term investments of other securities is expected in the future.

All investments will be closely monitored by a new team of specialists and no investments will be made into high-risk ventures. In fact, the *Pension Benefits Act, 1987*, restricts pension funds to secure investments.

Teaching After Retirement

You can now teach longer after retirement without affecting your pension.

As of 1989/90, you can teach up to 95 days per school year for three years, without affecting your pension or contributing to the plan. After this, you can teach a maximum of 20 days per school year and continue to receive your pension. Teaching includes any re-employment in education.

If you exceed these limits, your pension will stop and you will become an active contributing member to the pension plan. You will not be entitled to a pension for any month in which you teach – even if it is only one day per month.

For example, if you teach in the upcoming school year, you will continue to receive your pension until you work more than 95 days. If you teach 96 days, your pension will stop the following month and not resume until you stop teaching. You will lose your whole pension for that month – not simply the amount of pension for the days you worked.

If you teach less than a full school year, your contributions will be refunded with interest and your pension will continue at the same rate as soon as you tell us you've stopped teaching. If you contribute for a full year, you will have to apply for a new pension.

Most importantly, let us know immediately in writing when you:

- ❖ start teaching;
- ❖ teach your 96th day, so we can stop your pension the following month;
- ❖ intend to work a full year and want a new calculation, so we can stop your pension immediately; or
- ❖ stop teaching, so we can start your pension or send you a pension application.

If you don't inform us when you teach over 95 days, your pension will stop when your employer sends us their records. It will resume only after you pay back the pension with interest.

Caution: Open Window Retirees

While the 95-day provision allows retiring teachers greater financial flexibility, it could have major consequences for any pensioner who retired under the open window. Under this provision, teachers

were entitled to retire earlier with an unreduced pension. This is no longer in effect. If you work more than a full school year, your new pension will be calculated under current rules, resulting in a reduced pension if you are under the age of 65 and do not qualify under the 90 factor. In some cases, the reduction to your pension could be considerable.

Retiring This Year?

It is also important that recent retirees understand how re-employment will affect them if they retire before the end of the school year. The 95-day period begins at the start of the school year, not at the start of the pension. For example, if you retired from full-time teaching in February, you would have already worked more than 95 days in that school year. As a result, if you decided to teach summer school later that year, your pension would stop when you started teaching. You could apply for a refund of contributions if you work less than a full school year.

For part-time teaching, the calculation of what constitutes a day of work varies among employers. It depends on whether you're paid on a daily or hourly basis. If you are paid by the hour, divide the total number of hours you're paid by 5.5. If you are paid on a daily basis, anything over half a day is considered a day; anything under counts as half a day. If you're unclear as to how your time is reported or calculated, contact your employer for clarification.

Changes affecting re-employment come with the passing of the *Teachers' Pension Act, 1989*. If you are 71 or over or on a disability pension, you are not affected by these changes.

HOTLINE

For further information call the Re-employment Hotline at extension 4362 or Refund Hotline at extension 4226

(416) 1-800-668-0105

(519) (613) (705) 1-800-268-6612

(807) 1-800-668-0295

Toronto 226-2700

Married After Retirement? Survivor Pension Deadline Extended

If you stopped working before September 1984 and have since married (including common-law), you now have until 30 June 1990 to provide a survivor pension of 50 to 75 percent for your spouse.

If you are married to the same person as when you retired, this does not apply to you.

In February, we sent a bulletin to all pensioners who retired before September 1984 saying they could apply for new survivor pensions before a deadline of 31 March 1990. This deadline has now been extended to give you more opportunity to take advantage of this benefit.

As noted in our bulletin, you will have 90 days to provide a survivor pension for your new spouse if you marry in the future. If your present beneficiary is a child, perhaps from a previous marriage, you will be able to change it to your new spouse within 90 days after the child becomes ineligible, usually at age 18. After any of these deadlines, you may be able to provide a survivor pension if we are satisfied, through the results of a medical examination prescribed by us, you are in good health for your age.

While you may provide a survivor pension of 50 to 75 percent of your pension, it will result in a reduction to your current pension. Tables illustrating estimated cost were provided with the February bulletin.

Surviving Spouses Now Eligible

New survivor pensions are also now available for the surviving spouse of a deceased member who stopped teaching before September 1984 and married after retirement. If you are an eligible spouse (or know someone who is), apply immediately as this pension is payable from the date we receive written inquiry.

You can request a survivor pension application kit or a copy of the February bulletin by calling Phone-A-Memo (see last page for phone numbers).

New Look for Newsletter

Welcome to your first edition of *Pension News*, a newsletter for pensioners of the Ontario Teachers' Pension Plan. It replaces our previous newsletter, *Exchange*, which is now exclusively for active members.

Refunds for Teaching Under 20 Days

If you were employed in education for less than 20 days in a school year between 1 September 1986 and 31 August 1989, you may be entitled to a refund of any pension contributions deducted.

If you were employed for more than 20 days a school year between these dates, you are not eligible for a refund.

You can claim a refund by calling our Refund Hotline. To request the necessary application forms, call the numbers on the opposite page and ask for our **Refund Hotline** at extension 4226.

You may also be eligible for a refund of contributions for the 1989/90 school year. Any contributions will be refunded if you work less than a full school year. You will be able to apply in the fall.

No More Direct RRSP Transfers

Effective 1 January 1990, you can no longer transfer periodic pension payments directly into an RRSP.

You can still purchase an RRSP, but only after you have received your regular pension payment – which is taxed. This change comes as a result of federal government legislation amending the *Income Tax Act*.

The direct transfer of pension payments into a spousal RRSP is under review at this time and may be possible in the future. You can keep up-to-date with any future changes by calling Phone-A-Memo from time to time. Any changes affecting the purchase of RRSPs will be noted under general information and current issues.

DID YOU KNOW ?

The average size of an unreduced pension for an Ontario teacher has more than doubled in the last 10 years from approximately \$12,000 in 1980 to over \$25,000 in 1989.

Improving Our Service to You

Service Satisfaction Survey

Thanks to you for the many replies we received from recent retirees to our service satisfaction survey. Your feedback is always important.

While some of you expressed dissatisfaction with the speed of service – and we are working to improve this – you also told us you were quite satisfied with the quality of service, especially when dealing with our counsellors.

Phone-A-Memo

We appreciate your comments and suggestions on Phone-A-Memo. At present, we are improving our computerized telephone system by adding new information and rewriting the messages to make them clearer and more concise.

Give us a call on a touch-tone telephone and follow the prerecorded messages. Whether it's about re-employment, pension payments, survivor pensions, income tax, or medical issues, the answer is at your fingertips.

As always, if you would like to leave a message or any suggestions when you call, press nine.

You can call Phone-A-Memo 24 hours a day. The number you dial depends on your area code.

Metropolitan Toronto	226-4200
(416) (519) (613) (705)	1-800-387-0945
(807)	1-800-668-0295

OHIP Now Free

If you are retired and under the age of 65, you are no longer required to pay OHIP premiums.

With the Ontario government's new employer health tax, you do not pay for coverage or have the cost deducted from your pension payment. Coverage is automatic if you have an OHIP number. If you do not have a number or need further information, call the Ministry of Health at 1-800-268-1154. Pensioners 65 years of age and older were already exempt from OHIP charges.

Pension News is a publication prepared by the Communications Department of the Ontario Teachers' Pension Plan Board. The information contained in this newsletter is provided for your convenience. For further reference, please consult the *Teachers' Pension Act, 1989*. If you have any comments, write to us or leave a message on the Phone-A-Memo system.

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Ainsi, si vous préférez recevoir ce bulletin en français, écrivez-nous, ou laissez-nous un message sur notre système de consultation téléphonique.

CHANGING YOUR MAILING ADDRESS OR BANK ?

Use the accompanying form if you are moving or changing your bank or trust company. Please give us six weeks' notice before you make any changes and, where possible, keep your old bank account open until we make the first deposit into your new account. Be sure to include a voided cheque from your new account.

Name

SIN

Mailing Address

Postal Code

Bank or Trust Company Name

Postal Code

Address

Bank or Trust Company No.

Transit No.

Account No.

Signature

Effective Date of Change



Please attach a voided cheque

